

COMMUNITY WORKFORCE AGREEMENTS WORK (CWAs)

Community Workforce agreements (CWAs), also called Project Labor Agreements emerged in the 1930's as basic pre-hire agreements between the owner or contractor and the local building trades unions. These basic agreements set standard pay and benefit rates across the trades and prevented any work stoppages with no strike, no-lockout, and speedy dispute resolution provisions. Owners and contractors soon recognized the clear economic and managerial value of the CWA business model, and its use rapidly increased during WWII. By the 1980's CWAs were common in both public and private sectors, and had begun to evolve into the Community Workforce Agreements in use today. Modern CWAs are negotiated on a case by case basis, and include sophisticated provisions that keep jobs running smoothly, promote efficiencies, and nurture the development of a skilled workforce.

Community Workforce Agreements are agreed upon before a project is bid, so that all contractors and subcontractors will know exactly what to expect on the project and can cooperate to reach common goals. Successful bidders- whether union or non union- will then hire workers for the project through the union referral system. The referral system ensures that all workers have top notch training in safety and the crafts, which prevents costly mistakes and accidents.

Today, Community Workforce Agreements in the public sector focus on creating a positive community impact as well as promoting on time, on budget completion. These CWAs are crafted to address the specific needs of the project and the community, including provisions for local hiring, minority and at risk targeted training programs, minority owned small businesses, apprenticeship ratios, scheduling work rules, safety, cost containment, management rights and specialized procedures. It also enables community groups and schools to partner with local unions to connect people from low income neighborhoods with training and a career in the building trades.

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Cornell University
ILR School

Advancing the World of Work

The Socio-Economic Impacts of Construction Unionization in Massachusetts

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March 2010

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Acknowledgements

This research was supported by funds from The Construction Institute and by the Cornell ILR School, which funded a Summer Fellowship for this project. The authors would like to thank the Massachusetts Building Trades local unions and district councils, industry representatives, and pension fund managers, for participating in this study, providing key data and invaluable insights. Special thanks go to Roger Gill of Plumbers Local 12 Trust Funds and Mary Vogel of The Construction Institute for their valuable advice and support of this project; and to Mathew Dilluvio and Legna Cabrera for their research assistance. Any study shortcomings remain with the authors.

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This study examined the socio-economic and fiscal impacts of construction unionization on the state of Massachusetts, and explored the role of union pension funds in promoting job creation and economic development in the state. The construction industry is among the top ten largest employment sectors in the Massachusetts' economy, generating 149 thousand jobs annually, including administrative positions and an approximate total of 120,000 construction production jobs. This industry is highly unionized, with Building Trades unions representing over 73,000 members, or more than 60 percent of the construction workforce, according to data from the U.S. Department of Labor.¹

This research finds that unionization in this key industry not only increases the incomes of union workers but also yields economic benefits that ripple through the economy of the state. These benefits include, but are not limited to, the positive economic impacts of higher union wages, as well as the stimulating effect of real estate investments of union pension funds. Using both quantitative and qualitative approaches, this study estimated the economic and fiscal impacts of construction unionization and explored the less easily quantifiable costs that non-union contractors shift to the unionized sector and to taxpayers in general. Key research findings follow.

Impacts of the Union-Wage Premium

The increase in union workers' aggregate earnings that derive from the union wage premium (or union-non union wage differential) has a stimulating effect on the economy of Massachusetts.

- Union workers earn an average of \$13 more per hour than non-union workers in the Massachusetts construction industry. When benefits are included, unionized construction workers earn an average of \$28.35 more per hour than non-union workers.
- This union wage premium of \$13 per hour results in an increase of \$930 million in the aggregate earnings of unionized construction workers. When non-wage benefits are included, the total increase in the aggregate earnings of unionized workers amounts to \$2.02 billion.

- The increase in aggregate earnings of unionized construction workers has a multiplier effect on the total incomes of Massachusetts families. As union workers enjoy higher income levels, their ability to spend in goods and services in their communities also increases. This process results in \$1.74 billion of increased income for all state residents.
- The union wage premium has a positive effect on state tax revenues as well. As unionized construction workers and other workers in the economy are able to afford more goods and services, sales tax revenues of the state increase by \$23.8 million. Additionally, state personal income tax revenues increase by \$92.3 million.
- The total economic impact of the union wage premium amounts to \$1.8 billion.

Impact of Total Earnings of Unionized Construction Workers

The overall earnings of union construction workers generate economic benefits to the state and its communities.

- Total union earnings in the Massachusetts construction industry amounted to \$2.3 billion in 2007, excluding non-wage compensation.
- The impact of these earnings on the total income of Massachusetts' families amounted to \$4.3 billion.
- The impact on state revenues amounted to \$59 million in sales taxes and \$228.6 million in income taxes.
- The total economic impact of union earnings on the economy of Massachusetts amounted to \$4.6 billion in 2007.

Real Estate Investments of Union Pension Funds

The investment of union pension funds in real estate development projects creates additional employment opportunities in the construction industry and increased overall income in Massachusetts, while producing competitive returns for retirees and beneficiaries. This research identified \$1.56 billion of Building-Trades pension fund investments in real estate development projects in Massachusetts.

Social Costs Imposed by the Non-Union Construction Sector

There is significant, but not easily quantifiable, cost shifting from non-union contractors to taxpayers as a result of the low wages and limited benefits paid to non-union workers. Despite state legal requirements for employees' health benefits coverage, the coverage provided to non-union workers is mostly inadequate or virtually non-existent.

Misclassification of workers and workplace fraud, which are characteristic of the underground economy, are pervasive in the non-union construction sector and continue to undermine workers' standards of living as well as employers who abide by the laws and regulations. They also result in millions lost in state income and payroll taxes. In March of 2008, Governor Deval Patrick signed Executive Order 499 establishing a Joint Task Force on the Underground Economy and Employee Misclassification. This Task Force has made important inroads in increasing enforcement efforts against employers who engage in fraudulent employment practices.

This present study found that in addition to the problem of misclassification of workers as independent contractors, there is the widespread practice by non-union contractors to misclassify workers in lower paid occupations and categories (e.g. bricklayers misclassified as laborers, and journeymen misclassified as apprentices).

Existing research has found that union training programs are more effective than non-union programs in terms of enrolling apprentices and producing journey-level workers. The quality of the training has important implications for workers' productivity as well as for decreasing occupational injuries. OSHA records for the Massachusetts construction industry reveal that 88 percent of the violations between 2004 and 2009 were committed by non-union contractors.

Conclusions

Unionization of the Massachusetts construction industry results in direct and indirect benefits for workers, their communities, and the economy of the entire state. The union wage advantage is a key factor for increasing workers' spending power and stimulating the overall economy; and joint pension funds contribute to the economic development of the communities in which workers live and work. By contrast, many non-union contractors engage in cost-saving practices that involve the avoidance of labor and tax laws and undermine workers' incomes, labor standards and the tax base. As challenges to enforce labor laws in this industry persist, unionization remains as one of the most effective vehicles for empowering workers to monitor employers' compliance with labor laws.

This study examined the impacts of construction unionization on the economy of Massachusetts, with a focus on the economic impacts of union earnings, and on the real estate investments of joint pension funds. This research also explored whether there are social and economic costs resulting from the operations of non-union contractors in this industry.

The methodology used to estimate the economic impacts of union earnings is based on similar efforts to estimate the economic impact of prevailing wage laws and union wages on local and regional economies. Belman and Voos (1995) found that a repeal of the prevailing wage law in Wisconsin would result in a net loss of state revenues in the amount of \$6.8 million per year. Similarly, Kelsay, Wray and Pinkham (2004) used regional input-output multipliers (RIMS II) to estimate total economic losses of between \$318 million and \$348 million annually, which would result from the repeal of the prevailing wage law in Missouri. The Economic Roundtable (2007) estimated that union workers earn an average of 27 percent more than non-union workers in Los Angeles County (California), and found that this union wage advantage has a stimulating effect on the overall economy of the county.

This present study used RIMS II multipliers to estimate the economic impacts of the union wage differential in the construction industry of Massachusetts. These economic impacts occur first as workers receive payment for their labor (direct effect), then as purchases of supplies, materials and services (indirect), and finally as the increase in demand for consumer/household goods and services resulting from increased spending by workers (induced). An average union wage premium was calculated using data provided by 26 Building Trades local unions and district councils representing 91 percent of union members in the state. The data provided included employment (hours worked), earnings, and wage and benefits rates for union and non-union workers. These data were supplemented with information and statistics obtained from the Massachusetts Department of Labor, Division of Occupational Safety, and the U.S. Bureau of Labor Statistics, as well as with data collected through interviews of employers and union representatives.

Previous studies (Hagerman, Clark, and Hebb; Pozdena, Josephson, 2006, 2009) found that targeted investments of joint union-management pension funds can not only yield competitive risk adjusted returns to investors and beneficiaries, but also produce collateral social benefits such as jobs and affordable housing in the communities where union workers live and work. This present study collected data from local pension fund administrators as well as fund

managers and consultants to identify real estate development projects financed with union pension funds in Massachusetts.

In assessing the social and economic costs of the operations of non-union contractors, this study focused on factors affecting wage and benefits paid to non-union construction workers as well as training and workplace safety issues. This work involved interviews of employer and union representatives and analysis of OSHA data. The findings are consistent with previous studies on the impact of low-wage contractors (Waddoups 2004; Petersen 2000), and on comparisons between union and non-union apprentice training programs in Massachusetts (Argyres and Moir 2008).

The sections that follow elaborate on the study findings and provide additional details on the methodology and sources.

This study uses an input-output approach to estimate the economic impact of union wages, including their effect on the incomes of Massachusetts families and on state government revenues. In order to estimate these impacts, it was first necessary to determine the union wage differential, or how much more construction workers make because they belong to a union. Then, economic impact estimates were produced for the union wage differential, as well as for the overall total earnings of union workers (the union wage pool).

Earning multipliers (RIMS II) for Massachusetts were obtained from the Bureau of Economic Analysis of the U.S. Department of Commerce to estimate the indirect and secondary (induced) effects of the union wage premium and the union-wage pool. The data used for this analysis are for the entire union construction workforce in 2007, and include employment, earnings and wage rates provided by Building Trades local unions and district councils, as well as data obtained from various industry and government sources. These sources included the Massachusetts Department of Labor; interviews of unionized contractors and union representatives; the U.S. Department of Labor and the American Community Survey (Census Bureau).

IMPACT OF UNION WAGE DIFFERENTIAL

Average differentials between union and non-union wages and benefits were estimated using data provided by unions as well as data from government sources for four local unions that did not participate in this study. The data for the non-union wages and benefits were obtained from a survey of Building Trades unions, in-depth interviews of unionized contractors, and from McGraw Hills' ENR.

The average union-nonunion wage rate differential was estimated at \$13 per hour excluding fringes. The average union-nonunion wage and benefits differential was estimated at \$28.35 per hour. These differentials were multiplied by the total of 71,598,810 union hours worked in 2007, to obtain the total increase in the incomes of unionized construction workers that results from the union wage premium.

Thus, the union wage premium of \$13 per hour results in \$930 million of direct income for Massachusetts unionized construction workers and their families. When fringes are included, the wage-benefit premium of \$28.35 per hour results in \$2.02 billion added to union workers' incomes. These are the

direct impacts of the union-non union differentials on incomes in Massachusetts. The indirect and induced effects follow.

For the state of Massachusetts, the earnings multiplier provided by the U.S. Bureau of Economic Analysis is 1.871, which indicates that for every new dollar earned by union workers in construction there is an additional \$.87 dollar earned by families in all other sectors of the economy. Based upon the direct income gains of \$930 million derived from a union wage premium of \$13 per hour, the total income gains for all Massachusetts families amount to \$1.74 billion. This includes direct and indirect/induced impacts of the union wage premium.

The union wage premium has positive effects on state tax revenues as well. Because of their higher income, construction workers and other workers in the state are able to afford more goods and services, thereby increasing sales taxes collected by the state. The sales tax rate in Massachusetts was 5 percent in 2007, and the taxable sales tax base was approximately 27.4 percent (Bruce and Fox). Given these, the State of Massachusetts received sales tax revenues of \$23.85 million derived from the construction union wage premium.

In addition, the higher wages paid to unionized construction workers result in higher taxable income for the state as a whole. This increases the revenues derived by the state of Massachusetts from income taxes. The Massachusetts income tax rate is a flat rate of 5.3 percent for all income brackets. Based on this, the gains in state income tax revenues derived from the union wage premiums amounted to \$92.27 million in 2007.

The total economic impact of the union wage premiums on Massachusetts' incomes and state revenues amounted to \$1.85 billion.

CALCULATION OF IMPACT OF THE UNION WAGE PREMIUM

(Direct, indirect and induced impacts, plus state revenues)

	Total Earnings due to Union Wage Premium*	Earnings Multiplier for MA	IMPACT ON INCOMES	
Impact on Incomes = Total Earnings due to Union Wage Differential x Earnings Multiplier	\$930,560,441	1.871	\$1,741,078,586	
	Impact on Incomes	Sales Tax Base as % of Personal Income for MA	MA Sales Tax Rate**	IMPACT ON STATE SALES TAXES
Impact on State sales taxes= Impact on Incomes x Sales tax coverage x Sales tax rate	\$1,741,078,586	27.4%	5%	\$ 23,852,777
	Impact on Incomes	MA Income Tax Rate***	IMPACT ON STATE INCOME TAXES	
Impact on State Income Taxes = Income Impacts x MA Income Tax Rate	\$1,741,078,586	5.3%	\$92,277,165	

(*) Earnings are for all union construction workers, based on data provided by Building Trades unions and data obtained from the MA DOL, U.S. BLS, and Census Bureau.

(**) Five percent was the sales tax rate effective in 2007. It was raised to 6.25 percent in 2009.

(***) Massachusetts has a flat income tax rate.

IMPACT ON INCOMES	\$1,741,078,586
SALES TAX COLLECTIONS	\$ 23,852,777
INCOME TAX REVENUES	\$92,277,165
TOTAL ECONOMIC IMPACT	\$ 1,857,208,528

IMPACT OF TOTAL UNION EARNINGS

Total union earnings (or the total union wage pool) were estimated using actual hours and earnings provided by unions and government data (including prevailing wages and hours worked). For 2007, total union earnings in the Massachusetts construction industry amounted to \$2.3 billion excluding non-wage compensation, and to \$3.5 billion including benefits.

These total direct earnings of unionized construction workers resulted in a total increase of \$4.3 billion in the income of all Massachusetts' families. Additionally, the state gained \$59.09 million and \$228.6 million in sales and income taxes respectively as a result of the total increase in incomes of workers in construction and in all other sectors. The total economic impact of

the earnings of union construction workers on Massachusetts amounted to \$4.6 billion.

CALCULATION OF IMPACTS OF UNION WAGE POOL

(Direct, indirect and induced impacts, plus state revenues)

	Total Union Earnings*	Earnings Multiplier for MA	IMPACT ON INCOMES	
Impact on Incomes = Direct Union Earnings x Earnings Multiplier	\$ 2,305,625,996	1.871	\$ 4,313,826,239	
	Impact on Incomes	Sales Tax Base as % of Personal Income for MA	MA Sales Tax Rate**	IMPACT ON STATE SALES TAXES
Impact on State sales taxes= Impact on Incomes x Sales tax coverage x Sales tax rate	\$ 4,313,826,239	27.4 %	5%	\$ 59,099,419
	Impact on Incomes	MA Income Tax Rate***	IMPACT ON STATE INCOME TAXES	
Impact on State Income Taxes = Income Impacts x MA Income Tax Rate	\$ 4,313,826,239	5.3 %	\$ 228,632,791	

(*) Earnings are for all union construction workers, based on data provided by Building Trades unions and data obtained from the MA DOL, U.S. BLS, and Census Bureau.

(**) Five percent was the sales tax rate effective in 2007. It was raised to 6.25 percent in 2009.

(***) Massachusetts has a flat income tax rate.

IMPACT on INCOMES	\$ 4,313,826,239
SALES TAX COLLECTIONS	\$ 59,099,419
INCOME TAX REVENUES	\$ 228,632,791
<u>TOTAL ECONOMIC IMPACT</u>	<u>\$ 4,601,558,449</u>

Another important benefit to the Massachusetts economy resulting from construction unionization is the investment of joint labor-management pension funds in real estate development projects. This investment creates additional employment opportunities in the construction industry and increased overall income for Massachusetts' residents, while producing competitive returns for retirees and beneficiaries. This research has identified \$1.56 billion of Building-Trades pension fund investments in real estate development projects in the state.

Existing research shows that targeted investments of union pension funds, including investments in real estate development projects (Hagerman et al; Pozdena and Josephson 2006, 2009), yield competitive risk-adjusted returns to their investors and beneficiaries, while producing collateral social benefits such as jobs, increased supply of affordable housing, infrastructure, and an increased tax base. This process is facilitated by institutional fund managers such as the AFL-CIO Housing Investment Trust, J-for Jobs (ULLICO), Intercontinental RE Corp, and others, which operate as pooling vehicles for individual unions' pension funds. These fund managers impose strict union labor requirements on the projects they finance. This ensures both well paying jobs with high safety and productivity standards, as well as continued investment in and revitalization of the communities where union workers live and work.

Through data collection and interviews with pension fund administrators, this present study identified six major funds management institutions, which are the most frequently used pooling vehicles for Massachusetts Building Trades pension funds. The information presented in this report is not intended to represent the entire universe of funds investing in the state, but provides an estimate of the magnitude and extent of union pension fund investments in this type of projects.

The below table shows that these six fund managers invested a total of \$1.567 billion in 57 construction projects in Massachusetts between 2002 and 2009. These projects involved new development and existing construction improvement projects; as well as a wide variety of property types ranging from low income housing to high tech facilities, upscale hotels and other commercial real estate. Although exact employment figures were not available for all projects, it is estimated that these investments generated thousands of new construction jobs.ⁱⁱ

**Union Pension Funds Real Estate Investments
In Massachusetts, 2002-2009**

Fund/Investment Manager	Description	Number of Projects 2002-09	Project Examples	TOTAL INVESTMENTS (In \$ Millions)
AFL-CIO Building Investment Trust	Pooled real estate fund serving pension plans with union beneficiaries. Founded in 1988. It requires union labor for building construction and maintenance. Net assets: \$1.7 Billion	2	Battery Wharf: mixed use, including housing, hotel and retail.	\$ 355.70
AFL-CIO Housing Investment Trust 2002-09	Open-end, commingled investment company established in 1981. All projects financed by AFL-CIO HIT must be built by 100% union labor. Net assets: \$3.47 Billion.	14	Franklin Hill, Dorchester: 24 affordable rental units; Back of the Hill, Jamaica Plain: renovation of 125 affordable housing units for low-income elderly.	\$ 92.95
ASB Capital Management, LLC	Institutional investment management firm providing equity, fixed income and RE investment management. It manages the ASB Allegiance RE Fund, an open-end, commingled fund. ASB mandates the use of union labor on all new construction and tenant improvement work. ASB has more than \$6.5 Billion in assets, including \$2.7 Billion in RE.	4	The Peninsula: a two phase residential development project in Boston; Station Landing: mixed-use project in Medford.	\$ 285.30
Intercontinental Real Estate Corp.	Registered Investment Advisor managing private equity RE investments and providing RE services. Established in Boston in 1959. The company has developed real property assets valued in excess of \$6 billion, across all property types	29	226 Causeway Street: redevelopment of warehouse into mixed-use asset, including six stories of office space and six new stories of residential apartments (108 units).	\$ 120.91
J for Jobs / ULLICO Investment Company 2002-09	Formed in 1977, J For Jobs is a commingled pension account fund managed by ULLICO-RE Investment Group. It has \$3.8 Billion in commercial and multi-family development financing.	5	Smithsonian Institution Astrophysical Observatory, Cambridge: office/R&D; The Clarendon, Boston: multi-family, for sale.	\$ 566.50
Multi-Employer Property Trust (MEPT) and Multi-Employer Hotel Partners, L.P. (MEHP)	Open-end, commingled real estate equity fund. Founded in 1982. Projects must be built and maintained with union labor. Net assets: \$4.29 Billion.	3*	801 Massachusetts Ave., Boston: seven-story office building.	\$ 145.98
TOTAL		57		\$ 1,567.33

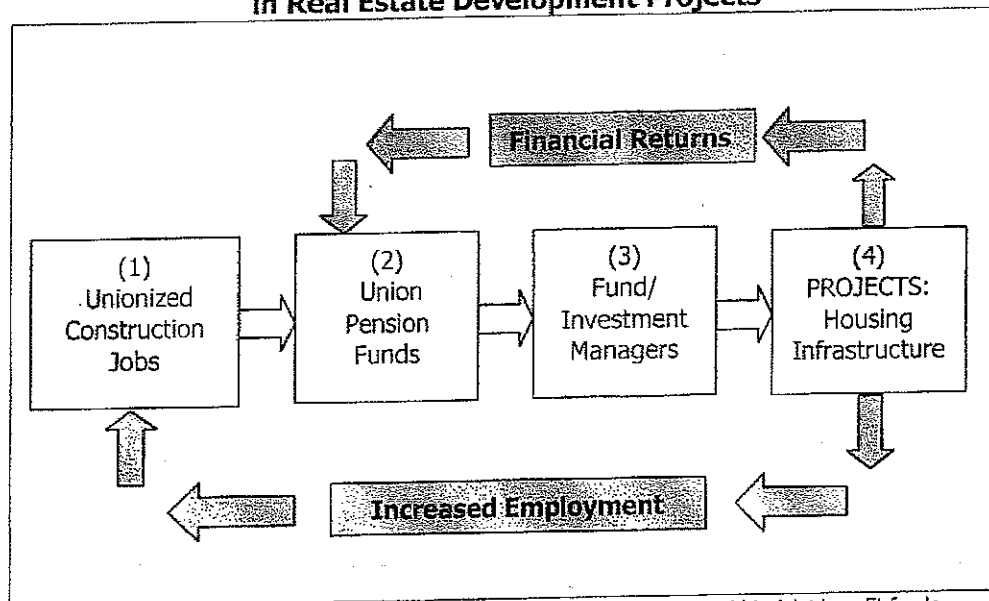
Source: Investment and funds management institutions.

Note: the above description of selected funds is not an offer or solicitation by these funds and should not be construed as such.

*, Data for 2002-2008

The below graph illustrates the process of union pension funds investment in real estate development projects. This process operates as a circular flow of pension funds invested in construction projects, generating millions of dollars worth of real estate development, returning gains to union pension funds, and creating more work for funds participating contractors and their employees. The increase in unionized work results in further contributions into benefit funds, triggering another round of investment.

Flow of Pension Fund Investments in Real Estate Development Projects



(1) Activity in the unionized construction sector results in contributions paid to joint benefit funds.
 (2) Building Trades pension funds use investment managers and consultants (3), which pool the financial resources to invest in real estate development projects (4). The development projects generate a flow of financial gains for (2) the union pension funds and their beneficiaries; and create more unionized jobs (1), which results in more contributions paid into the pension funds (2).

While employment in the unionized construction sector results in direct and indirect benefits to workers and their communities, employment in the non-union construction sector results in economic and social costs imposed on unionized employers and taxpayers in general. This cost shifting process occurs primarily because of the low wages and limited benefits paid to non-union construction workers. Additionally, there are economic and social costs associated with the lower quality of the training provided to non-union workers, and the consequent higher number of occupational injuries they endure, compared to union workers. These economic and social costs are not easily quantifiable, particularly when they result from labor practices that involve the underground economy. Workplace fraud and worker misclassification as independent contractors are practices that characterize the underground economy and are widespread in the non-union sector of the construction industry.

The prevalence of these practices is largely explained by the non-union contractors' goal to outbid their unionized competitors on the basis of lower wages. This is particularly the case in private sector construction, where prevailing wage laws do not apply. Industry observers note that as the price of materials are widely uniform throughout the industry, companies can compete either by increasing productivity or by lowering labor costs. Labor cost-savings, however, can translate into costs being shifted onto taxpayers and society as a whole, when employers fail to pay appropriate levels of payroll taxes and workers compensation premiums; and as low-wage and unprotected workers are forced to seek public assistance for their basic needs.

MISCLASSIFICATION OF WORKERS

According to a study by Harvard University researchers, an estimated 14 percent of workers in the Massachusetts construction industry were misclassified as independent contractors instead of employees during 2001-03. This cost taxpayers \$7 million in lost income taxes and almost \$11 million in unpaid unemployment insurance tax and workers' compensation premiums (Carré and Wilson 2004).

This present study found that the misclassification of workers as independent contractors is prevalent among non-union contractors hiring carpenters, painters and laborers. The issue particularly affects immigrant workers of

Latino origin, who are often hired in crews of sub-contractors through foremen (or “jefes”), and can be paid as low as \$8 per hour.ⁱⁱⁱ

Of important note are the efforts of the Joint Task force on the Underground Economy and Employee Misclassification, which was established by Governor Deval Patrick through Executive Order 499 in 2008, to pursue coordinated enforcement actions against employers and businesses that avoid state labor, licensing and tax laws. The Task Force involves 17 state agencies, and in its first year of operation recovered more than \$1 million in unemployment insurance taxes, overdue tax collections, fees and fines. In a 2009 report the Task Force indicates that 21 percent of the 515 complaints received by the Task Force since its inception came from the construction industry. (Massachusetts Commonwealth, 2009)

In addition to the problem of misclassification of workers as independent contractors, there is the widespread practice by non-union contractors of misclassifying workers in lower paid construction occupations. For instance, bricklayers are misclassified as laborers in the non-union sector to avoid paying higher bricklayers’ pay rates. According to unionized contractors, laborers in the non-union sector often perform tasks that are designated for bricklayers. This practice is pervasive particularly in private construction, which unlike public construction, is not required to follow occupational guidelines and is not closely monitored by watchdog groups. The difference in pay between a bricklayer and a laborer can be up to \$25 per hour.^{iv} Electricians are also affected by this practice, as they often get misclassified as teledata technicians, which is an occupation receiving wage rates generally \$15 lower than the average rate paid to electricians. Lastly, another form of misclassification that non-union contractors practice to lower labor costs is the misclassification of journeymen as apprentices, and foremen as journeymen.

INADEQUATE HEALTH INSURANCE COVERAGE

Current state law in Massachusetts requires employers with more than ten employees to provide a fair and reasonable contribution to the health insurance premiums of their employees. However, employers and unions in the construction industry find many limitations in the application of this law, as they confront evidence that non-union contractors provide inadequate or no coverage to their employees. The most common practice undermining this legal requirement is the above discussed misclassification of workers as independent contractors. When workers do get the health care benefits, they often have to pay about 70 percent of their health plan costs and they are usually dissatisfied with the coverage or quality of the plans. Additionally, it is not uncommon for non-union contractors to lay off workers immediately before the workers reach the minimum number of hours required to receive health benefits.^v

APPRENTICESHIP TRAINING AND WORKER SAFETY IMPLICATIONS

The unionized construction sector in Massachusetts offers apprenticeship training programs run jointly by management and unions. In addition to these, there are non-union programs available in all but two of the 23 trades. Research by the University of Massachusetts compared the effectiveness of the union and non-union apprenticeship programs over a ten year period and found that union training programs are more effective in terms of enrolling apprentices and producing journey-level workers. Eighty two percent of the 6,433 apprentices actively enrolled as of October 2007 were enrolled in union programs, in contrast with only 18 percent enrolled in non-union programs. Additionally, union programs are more comprehensive, longer lasting and have significantly higher completion rates than non-union programs, which according to the study "fail to produce even a single journey-level worker." (Argyres and Moir 2008)

The above mentioned research findings are consistent with information that this present study collected through interviews with unionized employers, who note that many non-union contractors, particularly small-size employers, have no training programs in place or do not enroll their apprentices in any type of training program. As a result, on-the-job training is the only form of training for many workers in the non-union sector.

The quality of the apprenticeship programs not only affects worker productivity but also has serious impacts on workers' safety. While union apprentices are required to take safety courses and training on OSHA regulations, the majority of the non-union apprentices are not getting any type of training. Other factors contributing to a safer worksite in unionized settings include the use of a safety plan fitted for every project, and of in-house safety officers. Additionally, unionized contractors are required to provide safety equipment, while non-union contractors often do not provide this equipment or require workers to bring their own.^{vi} The inadequacy or lack of safety training in the non-union construction sector reflects in the number of violations recorded by OSHA. For the years 2004 through 2009, OSHA records for the Massachusetts construction industry reveal that 88 percent of the violations were committed by non-union contractors.^{vii}

The findings of this study reveal that unionization of the construction industry results in direct and indirect benefits for workers and communities in the state of Massachusetts. By contrast, the labor cost-saving practices of many non-union contractors can produce economic and social costs that are shifted onto workers and the entire state.

This study focused on the economic impact of the wage differential and used earning multipliers from the Bureau of Economic Analysis to estimate the indirect and induced effects of the incomes of union workers. Because unions raise wages of construction workers by an average of \$13 per hour, there is an infusion of \$930 million in the economy of the state. This generates a multiplier effect and results in \$1.74 billion of income for all Massachusetts' families, and in \$116 million of state revenues. Overall, the economic impact of the construction union wage-premium amounts to \$1.8 billion.

When accounting for health and pension benefits, unions raise the pay of construction workers by an average of \$28.35 per hour. Non-wage compensation is not spent as direct income, but it broadly benefits the economy and communities of Massachusetts. Health care coverage improves the overall health of the community, and pension plans not only provide economic stability for retirees, but also generate funds that are invested in real estate development projects, creating new employment opportunities in the state. This study identified \$1.56 billion of Building-Trades pension fund investments in real estate development projects in Massachusetts.

There are social and economic costs imposed by the non-union construction sector on workers, unionized employers and the taxpayers in general. These costs are difficult to quantify, and they mainly derive from the low wages and lack of benefits in the non-union sector. Worker misclassification and workplace fraud, which are characteristic of the underground economy, are pervasive in the non-union sector of the construction industry. Current efforts by the state to address these issues need to continue and possibly intensify to reverse the negative effects of these practices on workers' standards and on the overall economy. Worker misclassification, in particular, effectively undermines laws that require employer-based health care coverage.

Another issue affecting standards in the Massachusetts construction industry is the relative low quality of the non-union apprenticeship training programs, which can have negative consequences on worker's safety and might contribute to the higher number of occupational injuries in the non-union sector.

In summary, construction unions have positive impacts on the economy of the state, while the non-union sector is likely to produce social and economic costs resulting from low wages and limited benefits paid to non-union workers. Given the challenges to enforce labor laws at the worksite level in an industry structure such as that of the construction industry, unionization is still one of the most effective vehicles empowering workers to monitor employers' compliance with labor laws.

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ⁱ U.S. Department of Labor, Office of Labor Management Standards, Form LM-2 for 85 Building Trades local unions.

ⁱⁱ Based on a job impact factor of 6 construction jobs per \$ million, the identified investment projects could create over 9,400 construction jobs.

ⁱⁱⁱ New England Regional Council of Carpenters (NERCC), Survey of non-union sites.

^{iv} Contractor interviews.

^v Contractor Interviews and NERCC Survey.

^{vi} Contractor Interviews.

^{vii} Authors' analysis of OSHA records.

Community Workforce Agreements: The Pathway to Coalitions Between Labor and Community

An Appendix To The Road Map to Emerald Cities:

A Building and Construction Trades Union Program To Green Our Cities, Build Our Communities and Strengthen Our Democracy

Prepared By: Emerald Cities Planning Committee
Building and Construction Trades Department (AFL-CIO)

Date: March 26, 2010

Community Workforce Agreements: The Pathway to a Social Compact Between Labor and Community

An Appendix to the Building Trades Road Map to Emerald Cities

Introduction and Overview:

As the Road Map to Emerald Cities explains, the engine of the Emerald Cities Initiative is a dynamic partnership between labor and community and a common pledge to work together: to **green our cities** in ways that address the threat of climate change and chart a high-road path to economic revitalization; to **build our communities** in ways that create good jobs and promote equality; and, to **strengthen our democracy** in ways that give greater voice to community and labor and increase access to consequential decision-making about the urban future.

At the heart of the Emerald Cities Initiative is a new social compact between community and labor. **This guide to Community Workforce Agreements is an appendix to the Road Map to Emerald Cities and provides a framework to use an innovation on the traditional Project Labor Agreement to give life and meaning to that social compact.¹**

The Building Trades have been clear and unambiguous about our commitment to work cooperatively with the broader community to achieve these two inseparable goals:

1. **Construct and expand pathways to good jobs and lifetime careers in the building trades for community members** through collaborative workforce development systems involving community-based training providers and union-based apprenticeship programs.
2. **Promote and extend the practice of collective bargaining** as widely and deeply as possible into building energy efficiency retrofit markets through progressive public policy and strategic union organizing in order to support and sustain the workforce development systems that lead to good jobs and lifetime careers.

Community Workforce Agreements (CWAs) are one of the most effective instruments to operationalize the social compact between labor and community and to achieve these two goals.

¹ The Building and Construction Trades Department worked closely with the Partnership for Working Families in preparing this guide.

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Building trades union, community and government leaders often ask: What exactly are CWAs? What are the essential elements of a good CWA? How are they negotiated? Who should be signatory to a CWA? How can they be used to simultaneously construct new career pathways into the Building Trades and grow the union market by expanding the reach of collective bargaining? How should solid CWAs be monitored and enforced? This document is designed to answer these and other questions.

What is a Community Workforce Agreement?

A Community Workforce Agreement is a formal, legally binding labor-management agreement that is negotiated between public or private construction end-users, the local Building Trades Council and prime contractors covering specified projects in a geographically defined jurisdiction. While the Building Trades Council leads in negotiating the CWA, individual Building Trades Unions are signatory to the agreement. The CWA is binding on all sub-contractors engaged in work on the specified projects.

Community interests are incorporated into the terms of the CWA. Community organizations may be signatory to agreements ancillary to the CWA, and should be involved in monitoring and assisting in the CWA's implementation. Accountability is an important principle for every CWA.

The overview and recommendations in this document are based on experiences related to approximately twenty Community Workforce Agreements that have been negotiated, signed and implemented across the country. This information represents the best thinking nation-wide among experts who have analyzed those experiences. The BCTD is not aware of any individual CWA that includes every component outlined in this document, but believes that the most effective CWA – meaning the CWA that best realizes the social compact between labor and community – would include these elements.

In the context of the Emerald Cities Initiative, a Community Workforce Agreement would ideally cover all of the building energy efficiency retrofit projects in a targeted city. Initially, an Emerald Cities CWA might cover projects in discreet subsectors of the emerging building energy efficiency market, like schools, municipal buildings, commercial structures, or public housing. But the use of CWAs need not be confined to any particular subsectors and can apply to both public and private projects that are part of an Emerald City's comprehensive retrofit plan.

One key purpose of an Emerald Cities CWA is to ensure that the two goals – job access and job quality – that underlay the social compact between labor and the community are actively pursued and persistently protected in a formal agreement covering retrofit projects. Thus, the CWA does two things. It creates new construction career opportunities for members of targeted communities. And, it establishes enforceable labor standards with collective bargaining and/or public policy.

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Community Workforce Agreements build on the solid record and effective use of Project Labor Agreements (PLAs) in the construction industry. There is overwhelming evidence the PLAs serve the public interest.² But Community Workforce Agreements go well beyond the traditional experience and use of PLAs. They explicitly address the legitimate needs and interests of urban communities that have historically been excluded from the benefits of economic development or the tremendous opportunities that come with lifetime careers in the unionized Building Trades. In that sense, CWAs represent an effective tool to build new career ladders into the Building Trades, to expand the union market so that there are more jobs and greater employment opportunities for a growing union membership, and to strengthen a labor-community partnership fighting for progressive public policies.

Therefore, in addition to the centrality of the Building Trades in negotiating and enforcing CWAs, the broader community is a vital stakeholder and involved in a variety of potential ways that may include being consulted about the nature and content of the CWA, invited to endorse the CWA, and engaged in monitoring and assisting in CWA implementation.

What are some of the essential elements of a good CWA?

While Community Workforce Agreements may vary from city to city, there are some essential elements of virtually every good CWA. These elements are merely identified below. They are more fully examined in later sections of this document.

Common PLA Provisions:

Like traditional PLAs, Community Workforce Agreements cover terms and conditions of employment, including collectively bargained wage rates, benefit fund payments, hours, etc. They also encourage job stability and prevent costly delays by:

- Guaranteeing no-strikes and no-lockouts;
- Providing alternative dispute resolution procedures;
- Establishing the journey level to apprentice ratios on the covered project(s);
- Determining uniform hours, conditions, schedules, and work rules for the covered projects within a common contract time frame;
- Assuring contractor access to a well-trained and highly-skilled workforce through union referral procedures.

²See *Project Labor Agreements in New York State: In the Public Interest*, Fred Kotler, Cornell University ILR School, 2009.

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Targeted Hiring Provisions Create Career Opportunities:

Community Workforce Agreements also build well-defined career opportunities for under-represented communities by establishing apprenticeship utilization requirements and targeted hiring practices.

A CWA's hiring targets are not merely aspirational career goals. Rather, good CWAs set clear and concrete hiring goals that are strategically important and politically feasible. An effective CWA provides for real accountability and applies metrics to measure, monitor, evaluate and enforce agreed-upon employment goals for target categories of workers. These categories may be defined by geography (residence in a low-income neighborhood, census tract, or zip code), economic status (income), or some other legally defensible criteria.³ Related to targeted hiring, some key CWA elements include:

- Specific percentage of the total workforce on covered projects that come from the targeted categories of workers;
- Specific percentage of the total workforce on covered projects that come from jointly-administered registered apprenticeship programs;
- Specific percentage of the first-year apprentices and/or total apprentice workforce on covered projects that come from targeted categories of workers.

Accountability Is Key:

Accountability is ensured in a number of ways, including:

- Reporting requirements tied to prevailing wage enforcement and using the review of certified payrolls with a coding system that identifies workers from targeted categories;
- Monitoring systems that are established at the very start of a covered project, with regularly scheduled evaluations during the life of the project and early warning alerts when projected hiring targets are not being met;
- An individual coordinator or authorized agency tasked with overseeing the implementation of the targeted hiring provisions of the CWA;
- Establishing a targeted hiring plan at the outset of the project that includes outreach, recruitment, selection, orientation, training and placement processes.

³ Workers from these specified categories may or may not retain their "targeted" designation for a finite period of time or until their actual employment, residential, or economic status changes.

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Flexibility Is Important:

CWAs typically establish a framework that helps guide all project stakeholders through the process by which low-income and local residents will get access to construction careers, but also help encourage flexibility given the challenges involved in pursuing these goals. Establishing project-wide goals, for example, can enable the overall project to meet the targeted hiring goals even if some trades have difficulty recruiting and some contractors have difficulty employing targeted workers. [In some cases, goals may be achieved by contractors engaged on a covered project employing workers from targeted categories on other projects outside the scope of the CWA.]

Community Input:

The broader community should be engaged to provide essential input and support to enhance the effectiveness of a CWA. The community's roles and responsibilities should be outlined in the CWA and may include:

- Designation of a jobs coordinator – a representative of a community organization, training provider, or public agency – to help identify potential employees from the targeted hire categories;
- Community partners offering systematic outreach, promotion, recruitment, selection, soft job skills, remediation, pre-apprenticeship training, and referral to union-based apprenticeship programs.

Union-Based Apprenticeship Programs On and Beyond Specific Projects:

Union-based apprenticeship programs are a critical part of any meaningful career pathway for community members to access lifetime careers in the unionized Building Trades. Therefore, jointly-administered registered apprenticeship programs should be involved in the promulgation of targeted goals.

CWAs can build on important advances in local hire agreements that require an agreed upon ratio of the apprenticeship-slots on a covered project be reserved for workers from the target employment category. Rather than tying targeted hiring programs and requirements exclusively to specific projects, a CWA can use a strategy that assesses the total job creation achieved through a CWA-covered project and identifies a portion of those new jobs for apprentices that come from targeted categories, even if some of those new jobs are not actually on the covered project. Construction jobs – and especially lifetime careers – are not generally connected to or sustained by a single project. They involve the acquisition of lifetime craft skills and portable credentials that are carried from project to project.

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Implementation:

CWAs that take this approach should include at least two provisions that increase the likelihood of their successful implementation:

- Direct entry – which really means direct access – into unionized apprenticeships for individuals who seek to enter a trade through employment under the terms of a Community Workforce Agreement;
- Direct referral from unionized apprenticeship programs to employment on projects covered by an Emerald Cities Community Workforce Agreement.

Every entity, organization or institution that has an important role or responsibility related to the successful implementation of an Emerald Cities Community Workforce Agreement should have their obligations clearly articulated.

What are some of the legal issues that should be considered in negotiating CWAs?

A sound Community Workforce Agreement needs to be carefully crafted to avoid legal challenges. Constitutional law, federal labor law, local law, and restrictions placed on various funding sources all can affect the details of a CWA. Because CWAs can arise in many different contexts, these legal issues need to be handled in different ways.

The important thing to remember is that *every legal issue has a resolution*: every important aspect of a CWA can be tailored to address legal issues that are present in that context. Any broad statement that some important aspect of a CWA is unlawful is flatly wrong. Community Workforce Agreements should be carefully crafted with the input of skilled lawyers who are familiar with CWAs. This will make the CWA less vulnerable to legal challenge.

Why focus on the targeted hiring elements of a solid CWA?

A solid Community Workforce Agreement, like any Project Labor Agreement, should ensure the safety and well-being of workers on the covered project. But it should also provide a clear roadmap for workers from targeted categories to secure a designated percentage of the new jobs being created by the project.

Building trades union leaders are generally familiar with the standard menu of items negotiated in PLAs that address wages, benefits, hours, conditions, referral procedures, dispute resolution plans, etc. But the elements of a good targeted hiring program may be less familiar to many building trades unionists. This document focuses on some of those elements.

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Growing evidence demonstrates that the interests of building trades unions and underrepresented communities seeking access to lifetime construction careers can be effectively met with well-structured Community Workforce Agreements. The elements of that kind of CWA-based targeted hiring program appear below.

What are the elements of a good targeted hiring program?

There are clear benefits of including a targeted hiring program in a Community Workforce Agreement. It helps reposition the Building Trades in a changing political environment and demonstrates how extending the practice of collective bargaining serves a broader public interest. By creating a pipeline of new workers into the building trades, a targeted hiring program can help build the labor-community partnership that is at the core of Emerald Cities.

Such a pipeline can also address the long-term labor needs of our industry as the current generation of baby boomers retires. Currently, there are too many of our incumbent members who are unemployed and waiting for construction to pick up. These “on the bench” workers are coping with the difficulty and hardship of near catastrophic levels of unemployment in the construction industry. Nevertheless, we anticipate that, in the longer term, we may face a severe labor shortage in the industry, in general, and in the emerging building energy efficiency market, in particular. It is important to think about a targeted hiring program as a political and economic investment in the future of our unions and the future of our industry, not as competition for our existing workforce.

Aspirations to recruit, train and place new workers must be backed up with a clear statement of the hiring and recruitment process, explanation of the responsibilities of all stakeholders to make this hiring possible, and investment in relationships with the community-based organizations, job training providers and pre-apprenticeship programs that will help make it happen.

A good Community Workforce Agreement should specify the following elements of a strong targeted hiring program, which are listed here and elaborated on in subsections, below:

- A. Clearly Articulated Hiring Goals*
- B. A Definition of the Targeted Employment Category*
- C. The Definition of Good Faith Effort*
- D. The Monitoring Process*

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A. Clearly Articulated Hiring Goals

The Community Workforce Agreement should establish numerical goals for hiring targeted workers on covered projects. These goals provide a concrete way to demonstrate how the covered construction project(s) will benefit the local community by articulating a commitment on the part of unions, contractors and the project's end-user to make real and meaningful efforts to offer new and/or underrepresented workers access to construction careers as part of the project.

Three sets of hiring goals should be included in the CWA.

1. A requirement that a designated percentage of all worker hours be performed by members of the targeted workforce, along with clear standards for what constitutes good faith effort toward meeting that requirement. The PLA that covered modernization of the Oakland ports (MAPLA) set a goal that 50% of all hours worked, on a craft-by-craft basis, come from targeted communities. The City of Los Angeles has negotiated several PLAs to cover sewer, road and police station construction. Those agreements require 30 – 40% of all worker hours be performed by residents of the local impact area, with 10% of the work to be performed by disadvantaged workers.

Project-wide goals, rather than trade-by-trade or contractor-by-contractor goals create more flexibility and increase the likelihood that all project stakeholders will make some progress toward diversifying the hiring pool.

2. An apprenticeship utilization requirement with a designated percentage of total hours to be performed by apprentices. The bulk of new entrants into construction careers enter through apprenticeship. If apprenticeship utilization is not required, then new workers may not have meaningful opportunities to enter the construction trades through the project. The Oakland MAPLA established a goal that 20% of the work be performed by apprentices. To pre-qualify as a potential contractor or subcontractor on a CWA-covered project, a bidder must participate in a legitimate, certified and registered apprenticeship program.

3. A goal that a set percentage of first-year apprentices and/or of total apprentices come from the targeted hiring category. Creating a mechanism for placing new apprentices on CWA-covered projects supports the “earn while you learn” apprenticeship model and provides the best opportunity for new workers to get into construction careers. In addition to requiring that 20% of the work be performed by apprentices, the Oakland MAPLA also set an ambitious target that all of the apprentices should come from the targeted employment category. The LA Community College District CWA requires that 30% of the hours be worked by apprentices, with half of those hours targeted to first year apprentices.

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B. A Definition of the Targeted Employment Category

By including a definition of the targeted employment category, the CWA identifies the group of workers whose employment will satisfy the targeted hiring goals, and who are the intended beneficiaries of the CWA's targeted hiring provisions. Though very often low-income communities and communities of color are key constituencies for these agreements, actually identifying workers of color and women workers as the target employment categories creates legal problems, and may render the agreement vulnerable to a lawsuit.

Instead, a model CWA should focus on addressing poverty as a core component of the agreement and should identify a targeted employment category of low-income workers who would benefit from fuller access to construction careers.

The definition could include:

- Residents of census tracts or zip codes that have high poverty or unemployment rates (zip codes and census tracts should be identified specifically by number);
- Residents of neighborhoods that surround the project, especially if the project area is in a low-income part of the region (e.g., workers or job-seekers who reside within a three mile radius of the project);
- "Hard-to-employ" workers, including people who are on or recently left public assistance, single parents, workers with a history of homelessness, and workers with a criminal record;
- Un- or under-employed residents of low-income households throughout the city or region; and/or,
- Graduates of named pre-apprenticeship programs.

When deciding how to define the targeted employment category, keep these considerations in mind:

- Target strategically – establish a targeted employment category that provides new opportunities for poor people to get into high quality construction careers and demonstrates how the covered project(s) will benefit the broader community;
- Be expansive – reach broadly to attract and recruit the best candidates from underrepresented groups into the Building Trades;

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- Think about implementation – be sure someone is tasked with tracking and monitoring the hiring process according to the terms of the definition. Don't let end users, project managers, or contractors slide. Hold them – and not just the Building Trades – accountable for promises made. Certified payroll records already show zip code of residence. Graduates of named pre-apprenticeship programs are easily verified. For any definition that includes more detailed requirements, be sure there is a way to identify and verify that workers hired for the covered project(s) have those characteristics.

Example: City of Milwaukee Residents Preference Program

The City of Milwaukee established a creative and relatively uncomplicated way to identify qualified job seekers as part of its Residents Preference Program. Under the terms of the program, targeted workers would perform 40% of all public infrastructure work contracted through the city's Department of Public Works (DPW). In order to qualify, job-seekers must be un- or under-employed and live in a low-income household anywhere in the city. DPW has designated community agencies to identify and recruit workers. These agencies ask job-seekers to sign an affidavit that they meet the targeted worker definition. Once job-seekers are put on the qualified worker list, they can continue to work on DPW projects for five years before they are considered to be no longer under-employed. This process establishes a low hurdle for verification, specifically identifies the agencies that are authorized to accept affidavits and put workers on the list, makes it easy for qualified workers to show compliance, and also gives new workers a window of time to continue working as a targeted worker so that they can stay employed, get on their feet and stabilize their households before they have to compete for work on their own in the labor market.

C. The Definition of Good Faith Effort

The best Community Workforce Agreement will explain what each entity has to do to demonstrate a good faith effort at meeting the hiring goals. The project owner, managing agency, contractors and subcontractors, union hiring halls, and apprenticeship programs may all have to alter and adjust their standard procedures to help achieve the hiring targets.

Enforcement mechanisms work best if the targeted hiring program is defined as a requirement with clear consequences for violation. The CWA should also lay out the process by which a contractor, JAC or union hiring hall can show compliance even if they do not meet the numerical requirements. The process would include all the activities these entities would have had to engage in if they were abiding by the terms of the agreement.

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These responsibilities include the following:

- Contractors must show that they have asked the hiring hall for referrals that fit the targeted hiring requirements. They should be able to document these requests and show that they have made every effort to hire and keep targeted workers on the job.
- The union hiring halls must be willing to refer workers from the targeted category as they are needed. In some cases, this may mean that targeted workers are referred before other workers that are above them on the list.⁴ The hiring halls should be able to show that they have a mechanism for identifying the targeted workforce and referring them to the job.
- Apprenticeship programs must show that they have opened up or reserved slots for new apprentices who meet the targeted hiring requirements, and that they refer those workers to contractors working on the CWA-covered projects, as requested. They may also be asked to demonstrate that they are working with named pre-apprenticeship programs (if there are any) in the community to help identify and recruit workers into their apprenticeship programs.

D. The Monitoring Process

The Community Workforce Agreement should specify the information contractors are required to submit to verify their compliance with the targeted hiring program. The monitoring information should include specific explanation of how often the information is submitted, to what entity (preferably a public agency or a committee with broad representation of project stakeholders), and how often that information is reviewed to determine progress.

One way of monitoring is to ask contractors to submit monthly certified payroll records that include indications of which workers met the targeted hiring criteria. Monitoring of progress toward hiring goals should start early in the project. Once the project is half over, or more, it becomes harder and harder to make up lost ground on the targeted hiring program because too much of the work is already committed or completed. Contractors should be able to show early on that they are meeting the targeted hiring requirements, or that they have a plan to meet them.

The best Community Workforce Agreements make this information public, by establishing a committee of stakeholders to receive the data, evaluate progress, and provide problem-solving support for contractors who are having difficulty meeting the hiring goals. This committee could include representatives of the general contractor and end-user, as well as the union hiring halls and apprenticeship programs and representatives from community-based organizations.

⁴ This may require changes in referral procedures and/or waivers from established dispatch rules, which should be set out in the CWA.

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This committee may have a direct role in problem-solving on a case-by-case basis with contractors who are not in compliance or are in danger of being out of compliance. When contractors are not in compliance or are in danger of not meeting the hiring goals, the committee could ask them to come to a meeting where committee members help identify obstacles and ensure communication among the entities required to make the program work.

E. Accountability Mechanisms and Penalties

The Community Workforce Agreement should specify penalties for non-compliance with every aspect of the document, including the targeted hiring provision. Good agreements not only penalize contractors for inability to show they have made good faith efforts to comply with the targeted hiring program, but establish a process for debarring from the project contractors with egregious violations of the hiring requirements.

What are some examples of good Community Workforce Agreements?

As already noted, each CWA should be negotiated in a way that is rooted in the particular circumstances of each city and each project. There is no cookie cutter approach to Community Workforce Agreements. At the same time, it may be helpful to review some of the CWAs that have been implemented around the country.

Community Workforce Agreements have been implemented by local government, special quasi-governmental taxing authorities and non-profit organizations in cities across the country. This appendix provides summaries and access to policy language and implementation documents for a wide array of Community Workforce Agreements from across the country. Each agreement includes a specific set of targeted hiring requirements, with its own process for producing, monitoring and reporting outcomes. An electronic version of this page is available at the Partnership for Working Families website [<http://www.communitybenefits.org>], and includes links to all the documents mentioned in each summary.

Included among these examples is one document – a Memorandum of Understanding between the Building and Construction Trades Council of Greater New York and the New York City Housing Authority – that is not strictly considered to be a CWA, but which contains language that might be helpful in negotiating a Community Workforce Agreement.⁵

⁵ Not included in this section is the agreement negotiated in Portland, Oregon, for the Clean Energy Works Portland Pilot Project. That agreement was described as a "Community Workforce Agreement" by its signatories, but differs in important respects from the CWA concept promoted in this guide. The inclusive process by which that agreement was negotiated, the commitment to constructing pathways into construction careers for under-represented categories of workers, the effort to establish decent labor standards, and the novel idea of including community groups among the signatories are all worthy of attention.

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It is important to remember that every CWA is developed in relation to unique local conditions. And in many cases, the provisions that are negotiated in any particular agreement represent a compromise for all parties. If you are interested in developing a CWA approach for a specific project or set of projects in your community, these examples and the documents linked to them should provide you with an appreciation of the range of strategies that can be used to negotiate a good agreement that will create high quality jobs while also helping low-income local residents get access to real construction careers.

But please do not use these examples as a transportable template. Some of the approaches outlined here may be better suited to your community than others. A new approach not yet negotiated may better fit your situation. Be sure to consult an attorney to help draft your Community Workforce Agreement, and don't hesitate to contact the Building and Construction Trades Department and Partnership for Working Families (Kathleen Mulligan-Hansel, knh@communitybenefits.org) if you want help developing a targeted hire program that will work for you.

City of Los Angeles

In 2001, the City of Los Angeles began construction on the North East Sewer Interceptor, which was constructed under the terms of the city's first Community Workforce Agreement. Since then, the city has negotiated CWAs on a wide range of public works projects, including fire, police and detention center construction as well as sewer extensions. In 2010, six CWAs were in effect, covering over \$375 million in construction value and over 7500 construction jobs. The agreements vary slightly, but tend to require 30-40% of new construction jobs created be filled by residents of neighborhoods adjacent to the project. The agreements establish further requirements that 10 – 15% of construction work hours be performed by at-risk workers, including workers from poor households and workers with a history of incarceration or receipt of public assistance, among other things.

With almost a decade's worth of experience implementing CWAs, the City of Los Angeles has developed strong relationships with pre-apprenticeship programs that can provide job-seekers ready to work as well as community-based organizations whose recruitment helps fill the workforce pipeline. The City's Bureau of Contract Administration monitors implementation, providing guidance and support for contractors in the system.

See CWA language:

- [PLA Los Angeles Fire Station 64](#)
- [PLA Harbor Replacement Station & Jail](#)
- [PLA ATSAC](#)
- [PLA Metro Detention Center](#)
- [PLA Police Administration Building](#)
- [PLA Avenue 45](#)

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Read the Bureau of Contract Administration's guidelines for good faith effort:
http://bca.lacity.org/site/pdf/hiring/PLA_guidelines.pdf

See Outcomes Reported To Date:

- [PLA South Los Angeles Fire Station No. 64](#)
- [PLA Harbor Replacement Station & Jail](#)
- [PLA Hollenbeck Replacement Police Station](#)
- [PLA Metro Detention Center](#)
- [PLA Police Administration Building](#)
- [PLA Police MTD/AISO](#)
- [PLA Avenue 45](#)
- [South LA Initiative](#)
- [ATSAC System](#)

Community Redevelopment Agency of Los Angeles (CRA/LA)

In 2008, the Community Redevelopment Agency of Los Angeles passed a policy requiring all subsidized redevelopment, and all construction on CRA-owned land, to be performed under the terms of a Community Workforce Agreement. This policy is called the Construction Local Hire/Project Labor Agreement policy.

The policy requires any construction on subsidized projects to be covered by a master project labor agreement negotiated between the CRA and the LA Building and Construction Trades Council. Among the terms of the PLA is a requirement that 30% of all work hours under the agreement be performed by residents of low-income neighborhoods. 10% of the total work hours are reserved for at-risk and hard-to-employ workers.

Read the master PLA:

<http://www.crala.org/internet-site/Policies/upload/Project%20Labor%20Agreement.pdf>

See the CRA's Policy Overview:

http://www.crala.org/internet-site/Policies/upload/Construction%20Careers_Goals%20and%20Summary.pdf

Review the Economic Impact Analysis:

<http://www.crala.org/internet-site/Policies/upload/Economic%20Impact%20Analysis,%20Summary%20of%20Key%20Findings%202-19-08.pdf>

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Los Angeles Community College District (LACCD)

In 2001, the LACCD embarked on a comprehensive building program with the goal of upgrading college campuses and implementing a green building and energy efficiency plan. As part of LACCD Builds Green program, the district signed a Community Workforce Agreement covering over \$2.2 billion in new construction, renovation and rehabilitation of existing college infrastructure. The project has already created over 15,000 construction jobs. The PLA requires 30% of work hours on covered construction to be performed by workers that live in the same zip code as the project, with further targeting of some jobs to at-risk job seekers. Under the terms of the agreement, up to 30% of work hours should be performed by apprentices, and half of all apprentices that work on these jobs should be in their first year.

See the CWA language:

http://www.build-laccd.org/bidding_and_contracting/content/documents/LaborCompliance/Project_Labor_Agreement_version_02-25-09%5B1%5D.pdf

View the compliance documents:

http://www.build-laccd.org/bidding_and_contracting/index.asp?pg=prg_gci

Los Angeles Unified School District

Over \$20 billion in school upgrades and new construction overseen by the LA Unified School District is covered by a Community Workforce Agreement signed in 2003. New construction and renovation of the district's building stock has already created almost 16,000 construction jobs. The CWA requires 50% of the work hours be performed by residents of zip codes served by one of the 8 school districts that make up the unified district. Additionally, the CWA established a goal that 30% of the work be completed by apprentices.

Contractors demonstrate compliance with the targeted hiring provisions by submitting certified payroll records.

The school district also operates a pre-apprenticeship program, We Build, which is overseen by a joint labor-management board and which delivers a 10-week skills and safety training curriculum developed in conjunction with the Building Trades. Though there is no requirement that contractors hire their workforce through We Build, the pre-apprenticeship program provides a pipeline of trained and oriented workers, many of whom meet the targeting requirements established by the CWA. We Build's training model enables its graduates to better compete with other aspiring apprentices. The program boasts a 90% placement rate.

See the program overview and how it works:

<http://www.laschools.org/contractor/psa/>

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View the CWA language:

[http://www.laschools.org/contractor/fca/fs-fca/download/psa/documents/Project Stabilization Agreement.pdf](http://www.laschools.org/contractor/fca/fs-fca/download/psa/documents/Project_Stabilization_Agreement.pdf)

See a PowerPoint overview of the WE Build program:

[http://communitybenefits.org/downloads/We_Build LAUSD Program Update.pdf](http://communitybenefits.org/downloads/We_Build_LAUSD_Program_Update.pdf)

The Maritime and Aviation Project Labor Agreement for modernization of the Port of Oakland (MAPLA)

From 2001 - 2008, the Port of Oakland implemented the MAPLA, a project labor agreement covering over a billion dollars' worth of large infrastructure projects at the Port that included strong targeted hiring requirements. Due to broad support from labor and community advocates, the program was aggressively implemented and is still in effect.

The targeted hiring components included:

- A requirement that 50% of all construction hours be worked by residents of the Port's local impact area, which includes the neighboring communities of Alameda, Emeryville, Oakland and San Leandro;
- A requirement that 20% of all hours worked be performed by apprentices from the local impact area, providing an entry-point into construction careers for new and aspiring construction workers.

The MAPLA laid out a detailed and thorough implementation plan, which included a committee of Port staff, contractors, labor union representatives and community advocates who evaluated each contractor's compliance with these requirements. By 2007, over 31% of all work hours had been performed by local residents, and local resident apprentices had completed 6.2% of all hours worked.

A broad range of labor and community advocates, and the Port management itself, have pronounced this project a success because of the extent to which it encourages collaborative approaches, buy-in from multiple parties, and has in fact resulted in a significant number of new workers in quality construction careers.

See the [project language](#).

Read a [brief description](#) of the MAPLA written by the Port of Oakland.

Read the [MAPLA Contractor Information Packet](#).

Read the [MAPLA 2006 Progress Report](#).

Read the [MAPLA 2007 Progress Report](#).

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Review MAPLA 2007 project summary tables.

Read the MAPLA Social Justice Program 2001 Progress Report.

Cleveland University Hospital Vision 2010

In December 2007, the Cleveland University Hospital entered into a Community Workforce Agreement with the Cleveland Building and Construction Trades Council (CBCTC) for the \$1.2 billion modernization plan they call Vision 2010. The construction project includes construction or upgrading of four major urban facilities as well as expansion of services at suburban hospitals and outreach centers, and is anticipated to create more than 5,200 construction jobs and generate more than \$500 million in wages and benefits.

The CWA establishes as a goal that 20% of work hours be performed by Cleveland residents. Additionally, the agreement recognizes and formalizes the existing relationship between the CBCTC and the pre-apprenticeship curriculum offered to 9-12 grade students at Max S. Hayes Vocational High School, part of the Cleveland Public Schools system. In an attachment to the CWA, the unions agree to participate in development of the curriculum at Max Hayes, and to use reasonable efforts to require contractors and unions to provide jobs to Max Hayes building trades graduates. Furthermore, the trades agree to devote one class of the joint labor-management pre-apprenticeship program, UCIP/ASAP (Union Construction Industry Partnership/Apprenticeship Skill Achievement Program), to Max Hayes building trades graduates. Graduates of UCIP/ASAP receive direct entry into union construction apprenticeships. Those UCIP/ASAP graduates who get into the program by virtue of graduation from Max Hayes high school are to be employed on University Hospital construction projects that are covered by the CWA.

See the Community Workforce Agreement:

http://communitybenefits.org/downloads/Cleveland_University_Hospital_PLA.pdf

Learn more about UCIP/ASAP:

<http://www.ucipconstruction.com/asap.htm>

San Francisco Public Utilities Commission Water System Improvement Program (WISPLA)

The San Francisco Public Utilities Commission (PUC) entered into a Project Labor Agreement with local, regional, and national Building Trades unions covering on-site construction work on a \$4.39 billion Water System Improvement Program initiated to upgrade and strengthen its water delivery system. Construction began in 2007, and is anticipated to continue through 2015. The agreement itself includes only a general statement of principal and commitment to increase the hiring of low-income local residents to perform this construction. Unions and contractors are required to show they have made a good faith effort to hire locally.

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However, the PUC has created a detailed apprenticeship and local hiring plan for each construction project initiated under the terms of the PLA. The program as a whole is called the WSIP Local Area Apprenticeship and Employment Opportunities Program.

Contractors submit quarterly data on compliance with the program, and PUC staff compile data and provide updates to contractors and union leaders. The most recent quarterly report covers the fourth quarter 2008 – 09, and shows that 133 San Francisco residents worked on the project, including 16 apprentices and 10 journeymen from the targeted employment category. Targeted residents worked just over 14% of all project hours in this quarter.

Read the CWA and summary:

http://communitybenefits.org/downloads/SFPUC_PLA.pdf

http://communitybenefits.org/downloads/SFPUC_PLA_summary.pdf

Learn more about the Local Area Apprenticeship and Employment Opportunities Program:

http://communitybenefits.org/downloads/SFPUC_PLA_Local_Program.pdf

See the most recent quarterly reports:

http://communitybenefits.org/downloads/SFPUC_PLA_Q1.pdf

http://communitybenefits.org/downloads/SFPUC_PLA_Q2.pdf

http://communitybenefits.org/downloads/SFPUC_PLA_Q3.pdf

http://communitybenefits.org/downloads/SFPUC_PLA_Q4.pdf

Go to the San Francisco Public Utilities Commission website:

http://sfwater.org/msc_main.cfm/MC_ID/15/MSC_ID/402

New York City Memorandum of Understanding

In November 2009, the City of New York signed a series of project labor agreements that established the parameters of construction on \$6 billion in public projects expected to create over 30,000 construction jobs over four years. The projects covered by these agreements include:

- Renovation and rehabilitation of city-owned buildings;
- Eleven large-scale new construction projects, including the Police Academy and a branch library, among others;
- Funding for renovation and rehabilitation of New York Public Schools, overseen by the New York City School Construction Authority; and

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- Renovation and rehabilitation of water systems facilities controlled by the New York City Department of Environmental Protection.

These project labor agreements do not meet the strict definition of a community workforce agreement, because the agreements themselves do not include targeted hiring requirements. But they are relevant because the Building and Construction Trades Council negotiated and signed a separate but related Memorandum of Understanding (MOU) with the City which lays out the terms of a well-designed and fully detailed initiative to increase access to construction careers opportunities for low-income city residents.

The MOU establishes a direct-entry system, which means that affiliated trades agree to reserve a percentage of their available apprenticeship slots for qualified candidates who also fit into a targeted hiring category. The MOU operates on the theory that these PLAs will create new apprenticeship slots, and a percentage of those slots should be filled by NY residents, especially job-seekers from low-income communities, veterans and communities of color.

The MOU specifically includes the following:

- A broad goal that 45% of new apprentice slots be filled by New York City residents including public high school graduates, veterans, women, housing authority and section 8 residents, and adults in need of economic opportunity;
- A commitment that affiliated unions will reserve apprenticeship slots for direct entry of these groups, meaning that qualified apprenticeship candidates who are also member of one of these named groups have an easier time getting into an apprenticeship program;
- A requirement that the city's joint labor management organization produce an annual report showing progress made toward this goal; and
- Creation of a Construction Committee with representation from the building trades, community, and various city agencies designated to provide a forum for assessing progress and developing solutions to obstacles that may arise.

See the Project Labor Agreements:

<http://www.bteany.com/>

Read the MOU:

<http://www.bteany.com/media/media/2009/09Memorandumof%20UnderstandingwithNYC.pdf>

The Building and Construction Trades Council of Greater New York maintains a pre-apprenticeship program that prepares public high school students and housing authority residents for building trades apprenticeships.

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Learn more about the Edward J. Malloy Construction Skills Initiative:

<http://www.constructionskills.org/>

These PLAs build on and enhance the city's overall commitment to using high-road contractors for publicly-funded work. A 2006 mayoral directive requires contractors that work on large publicly-funded projects to have a state-approved apprenticeship program in place.